

Kuhn, Jens

From: Asmussen, Jörg
Sent: 11 November 2013 08:05
To: Kuhn, Jens; Boppert, Mirijam
Subject: Fw: RTRS - Asmussen says backstops crucial for ECB bank tests

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RTRS - Asmussen says backstops crucial for ECB bank tests

FRANKFURT, Nov 8 (Reuters) - Governments need to have funds ready in case upcoming bank health checks reveal recapitalisation needs which cannot be filled in the markets, ECB Executive Board member Joerg Asmussen said on Friday.

The central bank is due to carry out a broad review of Europe's banking to eliminate doubts after five years of crisis and highlight weak spots before it takes over as banking supervisor in late 2014.

"Credible national backstops must be put in place. If not, the credibility of the whole exercise is put at risk," Asmussen said in the text of a speech to be given at Humboldt University.

"Doing this balance sheet assessment without a backstop in place would be a bit like getting on a boat in rough weather conditions and not taking a life jacket on board."

(Reporting by Sakari Suoninen) ((sakari.suoninen@thomsonreuters.com)(+49 69 7565 1267)(Reuters Messaging: sakari.suoninen.thomsonreuters.com@reuters.net))

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From: Asmussen, Jörg
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Subject: Fw: BN - Asmussen Says Bank-Resolution Body Must Be Able to Act Quickly

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BN - Asmussen Says Bank-Resolution Body Must Be Able to Act Quickly

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By Jeff Black

Nov. 8 (Bloomberg) -- European Central Bank Executive Board member Joerg Asmussen said a future body to handle failing banks must be able to act rapidly in cases of financial turmoil.

"It has to be in a position to take decisions quickly, if needed during a weekend," Asmussen said during a speech in Berlin today. "The regulation authority must be established quickly. That means there is no time to wait for a treaty change to establish a new institution. The new authority must take a European perspective on financial stability." In an opinion published on its website today, the Frankfurt-based ECB called for the future Single Resolution Mechanism to be based around a "strong and independent" authority with a central fund. Article 114 of the European Treaty can form a possible legal basis for the institution, the ECB said. That contrasts with remarks by German Finance Minister Wolfgang Schaeuble last month that the current European Commission proposal stands on shaky legal ground.

Policy makers are attempting to rework Europe's financial governance to prevent a repeat of the financial turmoil in the region since 2007. The European Parliament backed a plan on Sept. 12 that allows the ECB to assume supervisory powers over lenders in the 17-nation euro area in November next year.

'Utmost Importance'

"In view of the upcoming elections to the European Parliament, it is of utmost importance to have a political agreement on the Single Resolution Mechanism" by the end of this year, Asmussen said. "It's obvious" the regulation body shouldn't be run by the European Union's council of ministers or the ECB, to ensure "a clear division of labor between supervision and resolution," he said.

While funds to enable bank restructuring and resolution will ultimately come from levies on the financial sector, Asmussen said Europe's bailout fund, the ESM, could provide a backstop in the meantime.

"I think the ESM including any non euro-area member states could provide a credit line to the resolution fund," he said. "That would guarantee a clear control over the resolution fund by the participating member states and their parliaments."

--Editors: Jana Randow, Paul Gordon

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